

Message Text

UNCLASSIFIED

PAGE 01 STATE 193182

21

ORIGIN EUR-12

INFO OCT-01 ISO-00 SEC-01 EB-07 /021 R

DRAFTED BY EUR/CE:SKLINGAMAN:EM

APPROVED BY EUR/CE:DANDERSON

SEC:BOROWSKI

----- 008355

R 042051Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY BERN

UNCLAS STATE 193182

E.O. 11652:NA

TAGS: CFED, SZ

SUBJECT: SEC V AIC

1. SEC ISSUED FOLLOWING RELEASE AUGUST 2.

2. BEGIN TEXT: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") ANNOUNCED THAT ON AUGUST 1, 1976 THE HONORABLE GERHARD E. GESELL, UNITED STATES DISTRICT COURT JUDGE FOR THE DISTRICT OF COLUMBIA ENTERED A FINAL ORDER AGAINST EDWARD C. HARWOOD ("HARWOOD") IN THE ABOVE-CAPTIONED ACTION PURSUANT TO A STIPULATION AND UNDERTAKING OF HARWOOD IN WHICH HE CONSENTED TO THE FINAL ORDER WITHOUT ADMITTING OR DENYING THE ALLEGATIONS TO THE COMMISSION'S COMPLAINT.

"THE FINAL ORDER PROHIBITS HARWOOD FROM, DIRECTLY OR INDIRECTLY, OFFERING, PURCHASING OR SELLING THE SECURITIES OF THE VARIOUS ENTITIES INVOLVED IN THE ABOVE ACTION OR ANY OTHER SECURITY OTHER THAN FOR HIS OWN ACCOUNT OR THE ACCOUNT OF MEMBERS OF HIS FAMILY. IN ADDITION, HARWOOD IS PROHIBITED FROM BEING INVOLVED IN ANY OFFER, PURCHASE OR SALE OF A SECURITY AS AN ISSUER OR AN UNDERWRITER. FURTHER, THE FINAL ORDER PROHIBITS HARWOOD FROM MAKING ANY UNTRUE

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 193182

STATEMENT OF MATERIAL FACT OR OMITTING TO STATE A MATERIAL

FACT NECESSARY TO MAKE THE STATEMENTS WHICH ARE MADE NOT MISLEADING IN CONNECTION WITH THE OFFER, PURCHASE OR SALE OF ANY SECURITY.

"IN ADDITION HARWOOD WAS PROHIBITED FROM ENGAGING IN ANY BUSINESS AS A BROKER-DEALER IN SECURITIES OR ASSOCIATING WITH SOMEONE WHO IS ENGAGED IN SUCH BUSINESS (OTHER THAN AS A CUSTOMER) AND WAS PROHIBITED FROM ENGAGING IN THE ACTIVITIES OR BUSINESS OF AN INVESTMENT COMPANY OR INVESTMENT ADVISER OR BECOMING AFFILIATED OR ASSOCIATED WITH AN INVESTMENT COMPANY OR INVESTMENT ADVISER OTHER THAN AS AN INVESTOR IN THE SECURITIES OF SUCH INVESTMENT COMPANY OR CLIENT OF SUCH INVESTMENT ADVISER.

"HARWOOD WAS ALSO ORDERED BY THE COURT TO COOPERATE FULLY WITH THE COURT, THE SPECIAL COUNSEL AND THE SPECIAL AUDIT PREVIOUSLY APPOINTED BY THE COURT AND THE COMMISSION IN CARRYING OUT ORDERS OF THE COURT PROVIDED, HOWEVER, THAT HARWOOD WOULD NOT BE PREVENTED FROM PARTICIPATING IN ANY PROCEEDING BY THE COURT WITH RESPECT TO THE DISTRIBUTION OR DISPOSITION OF ASSETS HELD BY ANY OF THE ENTITIES INVOLVED IN THE ABOVE ACTION OR TO EXPRESS ANY OBJECTION HE MAY HAVE IN SUCH PROCEEDING OR FROM EXERCISING ANY RIGHT OF APPEAL HE MAY HAVE FROM ANY SUCH PROCEEDING. FINALLY, HARWOOD WAS ORDERED TO COMPLY WITH HIS UNDERTAKINGS CONTAINED IN THE STIPULATION AND UNDERTAKING REFERRED TO ABOVE.

"HARWOOD HAS UNDERTAKEN THAT HE WILL NOT ENGAGE IN ANY BUSINESS OR BE AFFILIATED OR ASSOCIATED WITH A BROKER-DEALER, INVESTMENT COMPANY OR INVESTMENT ADVISER OTHER THAN AS PERMITTED BY THE FINAL ORDER. IN ADDITION HARWOOD HAS UNDERTAKEN TO COOPERATE WITH THE SPECIAL COUNSEL, THE SPECIAL AUDITOR AND THE COMMISSION IN CARRYING OUT ORDERS OF THE COURT PROVIDED, HOWEVER, THAT HARWOOD WOULD NOT BE PREVENTED FROM PARTICIPATING IN ANY PROCEEDING WITH RESPECT TO THE DISTRIBUTION OR OTHER DISPOSITION OF ASSETS IN THE MANNER PROVIDED IN THE FINAL ORDER. FURTHER, HARWOOD HAS UNDERTAKEN NOT TO EXERCISE CONTROL OR INFLUENCE OVER THE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 193182

AFFAIRS OF THE PROGRESS GROUP EXCEPT THROUGH PARTICIPATION IN THIS COURT'S PROCEEDINGS.

"IN ADDITION, HARWOOD HAS REPRESENTED THAT HE HAS WITHDRAWN AND DISMISSED A NOVEMBER 24, 1975 ACTION AGAINST PROGRESS FOUNDATION IN LUGANOSWITZERLAND AND HAS FILED WITH THE COURT A CERTIFIED COPY OF THE COURT ORDERED DISMISSAL. HARWOOD HAS FURTHER REPRESENTED THAT SUCH DIS-

MISSAL IS WITH PREJUDICE BUT IN ANY EVENT THAT HE WOULD
NOT RE-INSTITUTE SUCH ACTION OR ANOTHER ACTION WITH THE
SAME OBJECT. " END TEXT

3. COPY OF FINAL ORDER AND STIPULATION AND UNDERTAKING
AIRPOUCHED TO KEMPE.

HABIB

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE193182
Document Source: CORE
Document Unique ID: 00
Drafter: SKLINGAMAN:EM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760301-0564
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760886/aaaacxwt.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by hattaycs>; APPROVED <27 JUL 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SEC V AIC
TAGS: CFED, SZ
To: BERN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006